Capital United?
Business Unity in Regulatory Politics and the Special Place of Finance

Kevin Young & Stefano Pagliari[1]
University of Massachusetts Amherst City University London
kevinlyoung@polsci.umass.edu Stefano.Pagliari.1@city.ac.uk

Accepted for publication in *Regulation and Governance*, 15 June 2015

Abstract

While organized business is a key actor in regulatory politics, its influence is often conditional on the level of unity or conflict occurring within the business community at any given time. Most contemporary regulatory policy interventions put pressure on normal mechanisms of business unity, since they are highly targeted and sector-specific. This raises the question of how business unity operates across a highly variegated economic terrain in which costs are asymmetric and free-riding incentives are high. In the paper we empirically assess patterns of business unity within regulatory policymaking across different regulated sectors. Our analysis utilizes data from hundreds of regulatory policy proposals, and business community reactions to them in the telecommunications, energy, agriculture, pharmaceutical and financial sectors over a variety of institutional contexts. We find considerable empirical support for the 'finance capital unity' hypothesis – the notion that the financial sector enjoys more business unity than do other regulated sectors of the economy. When the financial sector is faced with new regulations, business groups from other sectors frequently come to its aid.

[1] Author order reflects the principle of rotation; equal authorship is implied. We are extremely grateful to the research assistance that has helped make the data collection possible. In this regard we acknowledge the hard work of Nick Herter, Stephanie Chan, Sean O'Leary, Stephen Herling, Victor Paduchak, Brent Ramsay, Ben Rosenfield, Abigail Kang, and Rebecca Kanter. Earlier drafts of this paper have been presented at the workshop on 'Financial Power and the Political Economy of Regulatory Reform' at King's College London, May 28, 2014, and at the Workshop on 'Banks and Financial Regulation: Transatlantic Perspectives' at the Josef Korbel School of International Studies, University of Denver, May 15-17, 2014. We would like to thank all the participants at these workshops, the editors, as well as three anonymous reviewers for their helpful comments.

Introduction

Business groups are key agents within regulatory politics. Not only are business activities the target of many contemporary regulatory policies, but business groups are also understood to command considerable lobbying muscle to shape regulatory policies. The degree to which the business community is united or divided in the policymaking process has long been understood as a key element in influencing the capacity of business groups to shape regulatory policies. The unity of interests among business owners, forms of elite cohesion developed through shared political understandings, common experience and professional backgrounds, as well as through formal institutions such as 'peak' business associations all stand out as powerful mechanisms which facilitate social solidarity within the business community (Miliband, 1969; Seabrooke & Tsingou, 2009; Spillman, 2012; van der Pijl, 1998). In particular, these mechanisms have been presented in the literature as reinforcing the political influence of the business community by favoring the emergence of advocacy coalitions comprising businesses from a wide variety of sectors, especially around large-scale policies affecting the overall business environment, such as the level of corporate taxation.

At the same time, the effectiveness of these mechanisms in fostering business unity is increasingly challenged in the current era of regulatory capitalism (Levi-Faur, 2005). In this context, most regulatory interventions are highly specific and seek to affect the behavior of firms within specific sectors and industries, such as safety standards for drug companies, pipeline spill assessment guidelines, or bank leverage ratios. Indeed the very design of regulatory agencies is based on such specificity, with separate regulatory agencies for telecommunications, energy, finance, and so on. This kind of targeted intervention increases incentives for free-riding within the business community and thus creates challenges for the business community to act or respond to regulatory developments with a unified voice. Also the political organization of contemporary business actors has become increasingly specialized, with sectoral business associations differentiated from one another.

Under these circumstances, explaining why particular business groups from a sector directly targeted for regulation stick up for *themselves* is easy. A drug company responds to pharmaceutical regulation because it is in its direct instrumental interest to do so, for example. What is much less clear is when and why different business communities *stand up for one another*. Why would an agribusiness mobilize to support the pharmaceutical industry when new costly pharmaceutical regulations are being introduced? Under what conditions would an oil company support the interests of a car manufacturer when auto safety rules are being tightened? Such instances of cross-sectoral business unity are relatively rare but when they occur such instances are regarded as important in instances of how advocacy over regulatory policy actually operates. For example a variety of recent qualitative case studies of regulatory policymaking have demonstrated the critical importance of such dynamics in affecting regulatory outcomes through their combined lobbying efforts (Falkner, 2007; Pagliari & Young, 2014; Roemer-Mahler, 2013).

If this dimension of business' role in regulatory politics is important, then we need to know the conditions under which it varies.

In this paper we use extensive new data on the mobilization of organized business groups across a wide variety of institutional settings to empirically assess how 'business unity' varies across sectors of the economy. By 'business unity' we mean to convey more than simply a convergence of preferences in principle on a specific issue across firms and associations from different sectors of the business community. Instead, we are interested in exploring when firms and associations from different sectors actually take some non-costless action to 'stand' with the plight of a sector that is under threat. We test a very specific descriptive hypothesis that has been discussed within political economy scholarship for some time but not systematically investigated. The 'finance capital unity' hypothesis is that the financial sector enjoys more business unity than other regulated sectors of the economy. We find considerable empirical support for this hypothesis across a wide range of conditions and institutional contexts. Our findings suggest that when the financial sector is being regulated, the broader business community *outside the financial sector* is both more likely to mobilize and to express preferences that are highly concordant with the preferences of the financial sector itself. To use a stylized example, when bankers are faced with a new regulation, manufacturers, commodity firms, and peak business associations come to their aid: these non-financial industry groups write letters, meet with policymakers, and ground threats. Our argument is a sector-comparative one, and thus we show that the converse is not true: when the pharmaceutical industry is faced with a new regulation, it faces this situation largely alone; the same is true of many other regulated sectors, from telecommunications to agriculture. We find the finance sector is unique in attracting higher levels of business unity than other sectors; however we also find similarly strong business unity in the energy sector.

Section 1 below grounds our analysis in the context of existing scholarship on the role of business advocacy in regulatory governance, while Section 2 describes our main hypothesis and the manner in which it can be tested. Section 3 describes our data, drawn from a variety of jurisdictions and regulatory contexts. We then analyze patterns of business unity through regression analysis in Section 4. After controlling for a range of factors understood to affect interest group mobilization, we find that financial regulation is still associated with more business unity than other regulated sectors. Before concluding, Section 5 explores the factors beneath our main finding that business unity is higher when finance is being regulated than it is the case for other regulated sectors in the study.

Section 1 – Cross-Sectoral Business Unity and the Role of Finance

A broad literature on the politics of regulatory policies has identified business groups as a key political force, playing a critical role in the national, and increasingly also international,

attempts to design and implement regulatory policies (for a review, see Fuchs, 2007). While the extent and the mechanisms through which business groups come to influence regulatory mechanisms continue to be debated, an important insight coming from this literature is the notion that the degree of conflict or unity within the business community will shape their fate in the policymaking process. Numerous empirical studies have demonstrated how conflict within the business community remains a common feature in the governance of areas as diverse as climate change (Falkner, 2007), agricultural policies (Clapp, 2003), pharmaceuticals (Roemer-Mahler, 2013) and finance (Young, 2012). From this perspective, the capacity of the business community to moderate internal conflict and demonstrate unity is a central determinants of the policy influence of organized business, an insight commonly associated with different varieties of Neo-Pluralism (Lindblom, 1977). From the perspective of neo-pluralist analyses however, "achieving business unity is an important but highly demanding condition" (Falkner, 2007, p. 26). Within the same sector, cleavages can form between national and international oriented firms (Frieden, 1988), or among technological "innovators" and "imitators" (Roemer-Mahler, 2013). Cleavages can also arise *across* sectors, such as due to different factor endowments (Rogowski, 1990) or due to firms' different location on global supply chains (Falkner, 2012, p. 325).

Other scholarly traditions going back even further have illustrated how other factors can help the business community to moderate internal conflict. The presence of formal 'peak' business associations (Spillman, 2012), interlocking directorates (Mizruchi, 2013), informal business elite clubs (Gill, 1990; Graz, 2003), as well as shared professional backgrounds of economic elites (Miliband, 1969; Mills, 1956; Seabrooke & Tsingou, 2009) have been presented as facilitating collective understanding and purpose among business elites. While such forces might facilitate business unity on issues of common concern among the business community, such as taxation levels or other aspects of the general business environment, it is less clear how business unity persists when very specific regulatory interventions are at stake.

The kind of particularistic, sectorally-specific policy interventions characterizing modern regulatory governance (Levi-Faur, 2000; Majone, 1997) present a challenge to cross-sectoral business unity in particular, since business groups not directly affected by a given regulation face limited incentives to incur the costs associated with reaching across the sectoral divide and standing up for the fate of businesses in other sectors. Under these conditions, the capacity of a given industry targeted for regulation to attract the unity from firms in other sectors of the business community can be expected to vary depending on a range of factors, such as its centrality in the rest of the business community, the type and intensity of ties with other sectors of the economy, and the extent to which the costs imposed by a regulatory policy will spill over to other business groups. What sectors are therefore more likely to be the beneficiaries of cross-sectoral business unity? The centrality of an economic sector within the business community has been a long-standing theme within a different body of literature: studies of finance. In order to take a first step towards addressing this empirical gap in the literature, in the next section we turn

towards this literature and we advance the hypothesis that finance attracts more cross-sectoral business unity than other sectors of the economy.

Section 2 – The 'Finance Capital Unity' Hypothesis

The notion that the financial sector is characterized by a unique position within the broader business community that differentiate this sector from others areas of the economy has been a longstanding theme within the broader political economy scholarship, going back to at the beginning of the 20th century and key thinkers such as Hilferding, Lenin, and Schumpeter (Hilferding, 1910; Lenin, 1917; Schumpeter, 1934). Schumpeter famously called the money market "the headquarters of the capitalist system", and for good reason (Schumpeter, 1934, p. 126). In our own time, the academic literature has identified a number of characteristics of finance that reinforce the centrality of finance to contemporary economic life and influence its capacity to attract business unity.

First, different studies have detailed the significant growth in the size of the financial sector as percentage of GDP from the 1960s in the US and in most industrialized economies (G. Epstein & Jayadev, 2005). In an age when the profitability of the non-financial sector of the economy has remained stagnant, the financial sector has become a key central engine in the generation of profits, with the US financial sector's share profit quadrupling between the start of 1950s and 2000 (Krippner, 2012; Lin & Tomaskovic-Devey, 2013). The sheer size that the financial sector has come to occupy in the context of contemporary capitalist economies means that policies targeting the financial sector are likely to have significant externalities over a variety of stakeholders. Not all of these are positive externalities, as the costs that financial crises pose upon the rest of the economy all too frequently demonstrate.

The economic importance of a sector is not the only potential determinant of its importance within the broader business community. As Bloch et al. have argued, the centrality of a sector in the economy is "based upon a rich pattern of output linkages, not on the sector's absolute importance in the economy" (Bloch, Fisher, & Theis, 2010). From this perspective, some have argued that finance plays a key 'infrastructural' role in the economy, generating and managing goods and services which other businesses depend on for their basic operations. Broz (1999, p. 42; referencing Humphrey, 1990) remarks "[t]he financial system as the infrastructure on which the functioning of the entire economy rests", while Cerny (1994) calls the financial sector 'the infrastructure of the infrastructure'. In particular, many financial industries such as banks, private equity firms, real estate finance firms, are oriented around generating and managing a specific infrastructural good which all other businesses depend for their operation: credit. Given the importance of access to credit in the business community, we might expect that financial regulatory policies influencing the availability and cost of credit would attract significant unity from the rest of the business community.

In recent years the literature on 'financialization' has suggested that finance plays a role that extends beyond the provision of credit. Transformations within the broader business

community such as the increased holdings of financial assets by non-financial corporates (Stockhammer, 2004), the spread of accounting practices such as mark-to-market accounting (Perry & Nölke, 2006) and the emphasis on the maximization of 'shareholder value' as the guiding metric in the management of non-financial corporates (Lazonick & O'Sullivan, 2000) have created new channels through which the rest of the business community is influenced by developments in the financial regulatory environment.

With finance such an important and central sector in the business community, we might expect the preferences of non-financial firms to be driven more by the short-term concerns about reducing the costs over their economic activities posed by financial regulatory changes, and less by the long-term implications over financial stability. On this basis we can hypothesize that the financial sector garners greater unity from the rest of the business community than is the case when other sectors of the economy are targeted for regulation. We call this the 'finance capital unity' hypothesis.

In order to empirically test this hypothesis, the concept of 'business unity' can be broken down in two main component parts: the extent to which business groups from other sectors mobilize, and the extent to which those preferences align or diverge from those of the regulated industry (see Figure 1, based on Pagliari & Young, 2014). When business groups from outside the regulated industry mobilize, we call these groups 'outsiders.' When a regulated sector has many outsiders mobilizing, with aligned preferences, we consider this a level of 'strong unity.' Conversely, when a regulated sector has many outsiders mobilizing but these outsiders express divergent preferences to the regulated industry, we consider this a situation of 'business conflict'. Quadrants (a) and (c) denote intermediate stages where business unity or conflict is weaker because fewer outsiders are mobilizing.

Figure 1 - Business Unity Matrix

		Mobilization of Outsiders	
		Low	High
Preferences between Regulated Sector and Outsiders	Divergent	(a) *Weak Business Conflict*	(b) *Strong Business Conflict*
	Aligned	(c) *Weak Unity*	(d) *Strong Unity*

This configuration is empirically testable and facilitates comparison across sectors. The concept of 'outsiders', their level of mobilization and expressed preferences is also something that can be measured with consistency and compared across different regulated sectors. The next section will present an empirical strategy to test the 'finance capital unity' hypothesis.

Section 3 – Testing the 'Finance Capital Unity' Hypothesis

Testing this 'finance capital unity' hypothesis requires an empirical approach which allows us to assess both the mobilization and the preferences of the business community across a range of different regulated sectors. An appealing way to obtain such data is suggested by an increasingly well-established literature on interest group politics using comment letters to policy proposals to trace patterns of interest group activity (see for instance Broscheid & Coen, 2007; Chalmers, 2014; Nixon, Howard, & DeWitt, 2002; Rasmussen & Carroll, 2013; Yackee & Yackee, 2006).

In recent years, it has become common for many regulatory agencies, both in finance and in a number of other sectors, to open regulatory proposals to formal consultations. From the perspective of regulators, responses to such consultations provide important technical feedback as well as a much-needed source of systematic information about private sector sentiment over policies and about the possible impact that the regulatory policy may have over different groups. Interest groups have a strong incentive to contribute to these policy consultations in order to communicate to policymakers quite precisely what their position is with respect to a proposed regulation under development, as well as to leave a record which demonstrates to their members that they are actively working for a given advocacy cause. While it is true that comment letter responses do not represent the only mechanism available for advocacy, the existing literature regards these responses as nevertheless providing a relatively systematic 'trace' of what actors tend to mobilize in response to different regulatory policies as well as what their specific position are.

We collected comment letters from a wide diversity of regulatory policy consultations directed at five important sectors of the economy: energy, pharmaceutical industry, agriculture, telecommunication, and finance. In total we collected 19,597 comment letters in response to 630 different policy consultations across these different sectors, ranging in the period between 1998 and 2013. Our data is derived from regulatory policy consultations taking place in Australia, Canada, Switzerland, the United Kingdom and the United States. These countries were selected exclusively on the basis of data availability. Our analysis is limited in the extent to which we can explore national-level institutional variation; however our interest lies in cross-sectoral differences, not cross-national ones. While the practice of opening regulatory policies to public consultations has gained acceptance across an increasing number of countries in recent years, the countries included in our data reflect the fact that these jurisdictions are the only places where the posting of comment letters is transparent and publically available not only in finance but in other regulated sectors, thus facilitating cross-sectoral comparisons.[2] In addition to these

[2] The exception in this regard is Switzerland, which is a country which gives us data on financial regulatory consultations only. However Switzerland is a highly unique financial center in its own right and thus facilitates comparison across financial sectors where necessary in the analysis below; for the purpose of regression analysis, it is excluded.

national-level regulatory consultations, we also gathered extensive data from regulatory consultations held by various European Union authorities, for example by different European Commission Directorate-Generals, as well as regulatory agencies such as the European Securities Market Authority.[3]

Appendix 1 outlines the wide range of jurisdictions and associated regulatory bodies within them from which our data are derived. Clearly this sample of jurisdictions and regulatory bodies is not comprehensive of the total population of sites of regulatory policymaking in the world. The biases in the data are known, however, and are easily identifiable. One bias in the data availability is that the national jurisdictions are all Anglo-American jurisdictions, with the exception of Switzerland. The reasons for Anglo-American overrepresentation are not random – clearly having many regulatory consultations in different sectors is a practice that has proliferated in these jurisdictions because of similar administrative practices. As a result of this, our analysis is thus quite certainly limited in the extent to which we can make generalizations outside of the Anglo-American national context (we drop Switzerland from the cross-sectoral regressions below).

To differentiate the business community we deployed the following simple procedure, which has precedent in recent literature (Pagliari & Young, 2014; Rasmussen & Carroll, 2013). For each comment letter in our dataset, we first coded the identity of the authoring group as either representing a business interest or some other kind of civil society organization. A business actor is defined in this case as a for-profit business enterprise, a formal association of enterprises, or an informal collection of firms and/or associations. We then differentiated those business actors who are *within* the sector being regulated (e.g. a bank in the case of a banking regulation; an oil company in the case of an oil drilling regulation) from other business actors who were quite clearly outside of the regulated sector altogether (e.g. a chemical manufacturer in the context of a bank regulation, or an insurance company in the case of an oil drilling regulation). These 'outsiders' are potentially affected by the regulation in question, but only indirectly, and their mobilization is substantively meaningful for our research question.

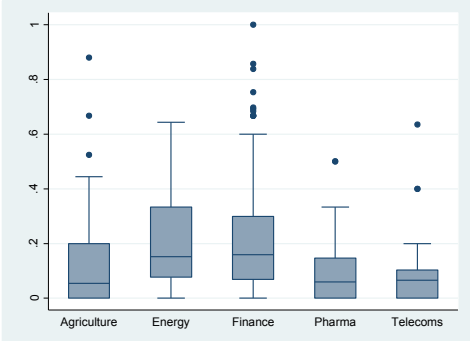
Because our results may be sensitive to the particular definition of what counts as 'financial' actors, we required a clear definition of the business activities that constituted financial sector activity and which did not. Consistently with internationally standardized industry classification definitions, such as the International Standard Industrial Classification of All Economic Activities (ISIC), which we consulted for the construction of our coding scheme, we considered financial industry actors to be any organization primarily oriented around the

[3] While there are significant differences between the policymaking process at the EU level and other national level regulatory sites – among these is not just the obvious fact that the EU is a supranational jurisdiction - there is significant precedent, however, in making broad comparisons between the EU and these jurisdictions in literature on interest group politics (Mahoney, 2008), as well as in the literature on the political economy of financial regulation (Posner, 2009).

provision of financial services to retail and commercial customers.[4] Our definition thus includes banks, securities firms, insurers, hedge funds, private equity firms, institutional investors, real estate financiers, consumer finance firms, as well as exchanges, credit rating agencies, and financial sector associations of all kinds. A wealth of recent literature has pointed to a recent growth of financial subsidiaries of non-financial firms – for example in manufacturing and retail (Baud & Durand, 2012). This form of subsidiarization may lead to a bias in our analysis if not coded correctly, since such subsidiaries would be counted as evidence of allies outside of the financial sector when in fact they are essentially financial firms. Consequently, if a firm was a financial subsidiary of a non-financial entity (e.g. GMAC, the financial arm of General Motors, or GE Money, the banking wing of General Electric), then we included the financial subsidiary as a financial industry actor.

Figure 2 below offers breakdown of the number of outsiders across all 489 of our consultations. As this figure illustrates, the majority of regulatory policy consultations saw only a small percentage of outsiders mobilizing on a given consultation, though there is a wide scope of variation across different consultations within a sector. This breakdown of the data suggests that both the finance and energy sectors are different than the others, since both have more outsider mobilization than the other sectors.

Figure 2: Boxplot of Percentage of Outsiders Mobilizing around Different Regulatory Policies



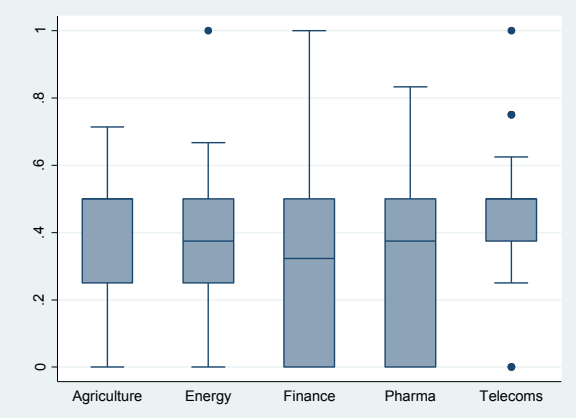
These data by themselves do not suggest however that finance has more cross-sectoral business unity than other regulated sectors. As Figure 1 above suggests, mobilization of outsiders could mean either strong unity or strong business conflict. To assess the preferences of the different groups we first generated a simple random sample of 193 (from 489) different policy consultations from our data (i.e. 30.6% of our consultations), drawing from financial regulatory consultations and non-financial regulatory policy consultations alike. We then generated a stratified random sample of the comment letters from each of these consultations, whereby the strata were up to 4 randomly sampled letters from the regulated industry, and up to 4 randomly

[4] For a comprehensive hierarchical breakdown of ISIC classifications for the financial sector, see http://unstats.un.org/unsd/cr/registry/regcs.asp?Cl=27&Lg=1&Co=K). The only manner in which our definition departed from the ISIC classification was with respect to real estate financing. We included specialized mortgage firms, title agents etc. as financial activity – though we excluded real estate activities not associated with financing, such as construction firms, real estate agents etc.

sampled outsiders. We deployed a coding template for each letter sampled which allowed us to assess different respondents' preferences on a simple but standardized basis. Following Yackee and Yackee (2006, p. 133) we deployed a three-point scale to assess what kind of position each comment letter advocated with respect to the level of regulation proposed in the final rule. Specifically for each letter we asked whether or not a comment letter was advocating 'more stringency' in the proposed regulation, agreed with the existing level of stringency being proposed, or wanted 'less stringency' in the proposed regulation.

We performed a variety of procedures and reliability checks to ensure the quality of our coding.[5] A total of 590 outsiders and 986 targets were coded, with 271 (20.7%) not classifiable according to our scale. To assess the relationship between the regulated industry and outsiders, we assessed all pairwise relationships between the preferences expressed by these two groups within each consultation. If the average of all such pairs within a consultation equaled zero, we considered this to be complete preference alignment. Each additional outsider in a consultation that expressed preferences that diverged from the regulated industry serves to weaken this preference alignment. Figure 3 reports our main results, which suggest a lower bounded distribution of preference divergence for both financial sector and the pharmaceutical sector.

Figure 3: Boxplot of Preference Divergence Across Different Regulated Sectors

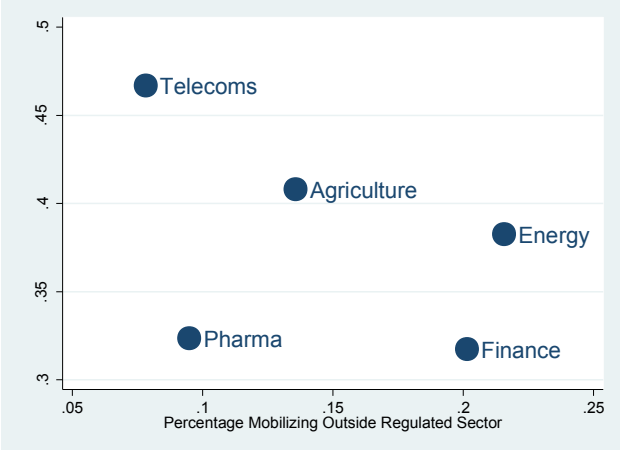


Is this an indicator of business unity? As Figure 1 above suggests, it is the combination of mobilization and preferences that is expected to matter from a theoretical standpoint. Consequently we took the mean value for preference alignment for each consultation in our sample, and compared this with mean levels of outsider mobilization along a two dimensional plane, and plotted the position of each regulated sector. Figure 4 plots the results of this analysis, with preference divergence from the regulated industry on the vertical axis and outsider

[5] To enhance the reliability of our data we recorded the specific elements of text in the letter that led them to give the score they recorded. We also included a fourth coding category 'not possible to identify' so that none of the coding was forced into any one of our three categories. We randomized the order by which lobbying letters appeared in the text (though we did not do this at the very beginning of our coding), and ran several inter-coder reliability tests, ensuring that there was acceptable levels of inter-coder agreement and engaging in a process of deliberation before proceeding further if there was not.

mobilization on the horizontal axis.

Figure 4: Mean Levels of Preference Divergence and Outsider Mobilization Across Regulated Sectors

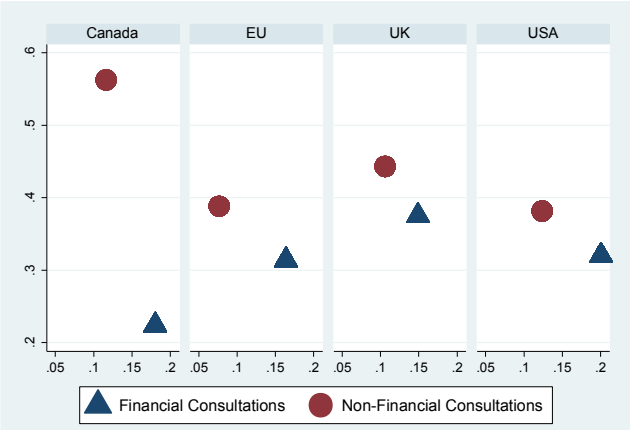


These results offer empirical support for the notion that the financial sector is different than other sectors in the study in terms of the amount of business unity that it enjoys. While there is more mobilization from outsiders in the energy sector on average, the outsiders who mobilize around financial regulation are more aligned, on average, with the financial industry's regulatory preferences. While outsiders have similarly convergent preferences when finance or the pharmaceutical sector is being regulated, the mobilization of outsider business groups is more limited in pharmaceutical regulatory policies than it is in financial regulatory policies. Compared to finance, regulatory policies targeting the telecom and agricultural sectors are characterized by only a more limited number of outsiders mobilize and these groups express preferences that are less consistently aligned with the telecom sector targeted for regulation.

The data in Figure 4 represents a very broad and general level of aggregation. We might ask whether the 'finance capital unity' hypothesis is supported under different institutional contexts. In this respect we take the extra step of disaggregating our regulatory consultation data by four jurisdictions for which we have sufficient data.[6] Figure 5 below plots average levels of business unity for financial regulatory consultations and non-financial regulatory consultations across four different institutional contexts: Canada, the EU, the UK and the USA.

[6] We have excluded from this Figure and any subsequent cross-sectoral comparison Switzerland and Australia. Switzerland is the jurisdiction from which we only have financial consultations, while our sampling procedure generated a dearth of Australian financial consultations (see Figure 12 in the Appendix).

Figure 5: Comparisons of Business Unity in Financial and Non-Financial Regulatory Consultations in Four Different Jurisdictions



These results show further support for the 'finance capital unity' hypothesis, since levels of outsider mobilization are higher, and levels of preference divergence from the regulated sector lower, in financial regulatory consultations compared to the other sectors for which we have data. In the next section we probe these patterns yet further.

Section 4: Regression Analysis

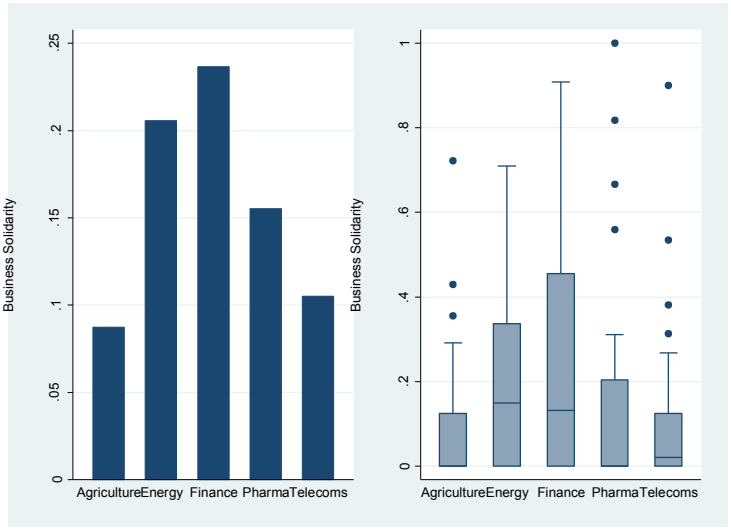
Thus far the results of our analysis suggest support for the 'finance capital unity' hypothesis. Given the diversity in our regulatory policy consultations, however, one can imagine a variety of conditions which might affect the strength of business unity. Our data enables a systematic examination of such variation, and in this section we turn to such an analysis.

First, we generated a synthetic score measuring the support received by business groups from other sectors for each consultation in our sample by combining our measurements of mobilization and of preference alignment. Rather than establishing a specific cutoff point for how much preference divergence constitutes unity or lack thereof, we generated a continuous measure, based on the Euclidian distance from the hypothetical point of maximum business unity on Figure 1 above – maximum mobilization of outsiders, and minimum preference divergence from the regulated industry. We then calibrated this distance measure to emphasize that the vertical axis (preferences) has greater weight in the calculation of business unity than does the horizontal access (mobilization).[7] In addition we took all those consultations in which outsiders did not mobilize (and hence were ineligible for our preference coding described above) and coded these as 0, under the rationale that an outsider that does not mobilize cannot, by definition, be representative of business unity. Figure 6 below represents both the mean values of business unity across different regulated sectors (on the left) and the boxplot distribution of business unity (on the right). The mean values of business unity together which its overall wider

[7] We also generated other measures, based on simple cutoffs in the level of preference divergence, at 25% and 50%, respectively, and took the level of mobilization at these levels. Our main findings are similar.

distribution stands out as distinct among different regulatory sectors. Interestingly, the energy sector comes closest to the levels of business unity enjoyed by finance – a finding that we investigate in greater detail below.

Figure 5: Business Unity Across Sectors



With this indicator of business unity as our dependent variable, we sought to specify regression models in which the main explanatory variable, FINANCEREG, indicates that financial sector is being regulated in a given consultation. Our dataset contains a total of 275 consultations, with 144 of these (52%) being regulatory consultations in non-financial sectors. We perform statistical matching techniques in regression analysis below to ensure greater balance across financial and non-financial sectors in the analysis.

We include a range of explanatory variables that have been suggested by the existing literature to affect the diversity of interest group mobilization. One factor considered important in affecting interest group mobilization is issue salience - the degree of attention general public pays towards a given issue at a certain time (P. Culpepper, 2011; Gormley, 1986). The 'heating up' of an issue should lead a higher number of groups within society to become politically active over that issue (Lowery, 2005) as well as the diversity of groups mobilizing outside the regulated sectors (Rasmussen & Carroll, 2013), thus potentially affecting the degree of business unity. Following some extant empirical work in this area, we chose to measure levels of average attention given to the regulated sector in question within the printed news media, for the given year and country context in which a policy consultation took place (P. Culpepper, 2011; L. Epstein & Segal, 2000).[8] SALIENCE measures is coded as 1 when a given regulated area in a given

[8] For each sector, for each year of our consultation data, and for each country we selected all English-language articles published which contained the term "regulat*" and the name of the industries that we identified as being targeted regulation in the title or the first paragraph. This search was conducted on *Factiva*, an international newspaper and journal database - and it was restricted to news sources identified by Factiva as "Major News and Business Publications".

year and level of governance is one standard deviation above the average level of salience for the period covered by our data.

The complexity of a regulatory proposal is also understood to constrain the agency of outside groups, by creating substantial 'information asymmetries' between the industry that is targeted for regulation and has greater technical knowledge and outsiders from other sectors, thus also reducing the diversity of the interest group population (Broscheid & Coen, 2007; Rasmussen & Carroll, 2013). To assess the complexity of different regulatory consultations and differentiate between relatively straightforward proposed regulations from ones that are less clear, we made use of a dictionary-based program called Linguistic Inquiry and Word Count (LIWC) already used in extent literature assessing interest group lobbying dynamics in legal settings (Collins, Corley, & Hamner, 2014; Owens & Wedeking, 2011) to generate a score of cognitive complexity for each regulation in our data.[9]

A variety of interest group literature also suggests that policy venues influence interest the mobilization of interest groups, and in particular those outside the regulated industry. A distinction is often made within the literature between policymaking venues that directly respond to electoral pressures such as Parliaments and the Executive and independent regulatory agencies, with the latter frequently presented as constraining the mobilization of groups outside the industry targeted for regulation (Binderkrantz, Christiansen, & Pedersen, 2014; McKay, 2010). To assess whether a consultation was generated within an independent regulatory agency, we generated a dummy variable, POLICYVENUE based on the primary policymaking venue conducting the consultation. The existing literature has also suggested that the diversity of groups mobilizing will vary along different stages of the policymaking process, with financial industry insiders maintaining strong informational advantages over non-financial stakeholders in the early stages (Lall, 2012). To test this hypothesis, we generated the binary variable POLICYCYCLESTAGE, differentiating each consultation reference document that interest groups are responding to between early stage consultations (e.g. green and white papers, newly proposed rules) and late-stage consultations (e.g. implementation of already existent standards, ex-post evaluation of regulation, and amending an already implemented piece of regulation). We also included a variable, RESTRICTEDCONSULTATION, that assesses whether the regulatory policy consultation was entirely open to all business respondents or whether in the consultation paper draft comments were specifically asked from the regulated industry only (Chalmers, 2014).

Because the dependent variable ranges from 0 to 1 with all potential values in-between, it is necessary to model it as a proportion. As such, we use fractional logistic regression, which is recommended for this format of data (Baum, 2008; Papke & Wooldridge, 1996) and which has

[9] Specifically both of these pieces use 10 LIWC categories that are directly connected to cognitive clarity: causation, insight, discrepancy, inhibition, tentativeness, certainty, inclusiveness, negations, and the percentage of words containing six or more letters. We use all but the latter in our score of cognitive clarity, as it is measured differently and thus involves a standardization decision that is unclear and it loads onto a different factor after factor analysis. This necessarily meant excluding non-English language consultation documents, which meant dropping Swiss consultations from the sample.

been used by recent interest group literature (Chalmers, 2014, 2015). We used generalized linear models with a logit link, and because of the inflated number of zeros (unity is a relatively rare), we specified a negative binomial family in these models.

Table 1 illustrates our results, with standard errors reported in parentheses. Model 1 includes all covariates suggested by existing literature and includes dummies for each jurisdiction in our sample. Model 1 includes a variable for whether the regulatory consultation was post-crisis (which is not statistically significant) and Model 2 includes year fixed effects in order to further hone out any temporal effect within our data. We suppress the dummy results as we are interested in overall results not in country or year variation, which we explore further below through focused comparisons. Models 3, 4, 5 and 6 then introduce different sectoral dummy variables for energy, health, agriculture and telecoms, respectively. Taken together, these models help assess the difference between finance and other regulated sectors.[10]

Table 1: Regression Results for Business Unity

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Finance	0.568***	0.575**					0.865***	0.0761
	(0.219)	(0.226)					(0.269)	(0.270)
Energy			0.203				0.688**	
			(0.228)				(0.278)	
Health				-0.112				
				(0.334)				
Agriculture					-0.599*			
					(0.318)			
Telecoms						-0.369		
						(0.340)		
Salience	-0.0242	-0.0182	0.215	0.197	0.172	0.163	-0.172	-0.572*
	(0.272)	(0.290)	(0.272)	(0.280)	(0.270)	(0.277)	(0.290)	(0.345)
Venue	-0.294	-0.223	-0.345	-0.320	0.273	-0.333	-0.213	0.232
	(0.262)	(0.281)	(0.265)	(0.274)	(0.272)	(0.272)	(0.293)	(0.386)
Restricted Audience	0.135	0.140	0.290	0.243	0.280	0.243	0.230	0.0972
	(0.381)	(0.393)	(0.412)	(0.403)	(0.419)	(0.387)	(0.392)	(0.516)
Policy Stage	-0.276	-0.266	-0.314	-0.316	-0.330	-0.304	-0.194	0.0703
	(0.200)	(0.206)	(0.206)	(0.210)	(0.206)	(0.208)	(0.214)	(0.273)
Post-Crisis	0.352							
	(0.224)							
Constant	-1.504***	-0.198	0.425*	0.426*	0.440**	0.414*	-0.560	-0.0359
	(0.290)	(0.339)	(0.221)	(0.224)	(0.220)	(0.223)	(0.392)	(0.417)
Jurisdiction FE	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	NO	YES	YES	YES	YES	YES	YES	YES
Observations	265	265	265	265	265	265	265	156

Standard errors in parentheses, * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

[10] We do not introduce a variety of sectoral dummies into one single model because existing theory does not suggest that finance or any other sector is unique in comparison to a specific other sector; only that it is unique within the overall business community

Our results for models 1-5 show support for a strong positive statistical association between the financial sector being regulated and business unity, controlling for other relevant factors described in the literature. In controlling for the potential confounding effect of the financial crisis or simply the year of the regulatory consultation, our results suggest that the higher business unity associated with financial regulation is not simply a result of this historical event.

In our descriptive analysis above (see Figure 6) we found the energy sector to come closest to the financial sector in terms of levels of business unity. Thus in Model 7 above we specify a regression with both finance and energy in the model. Both are statistically significant, suggesting that both these sectors attract higher business unity individually when compared to the other sectors in our sample. The coefficient for financial regulation is notably higher, consistent with our descriptive results above. Model 8 reduces the sample to *only* finance and energy regulatory consultations, in order to assess whether finance and energy are significantly different from one another. Our results suggest that they are not, and simple a two-sample t-test also confirmed this same result.

Our findings provide strong support for the finance capital unity hypothesis; yet we also find that finance shares properties of business unity with the energy sector. Finance is significantly different from other sectors when pooled together in terms of the level of business unity that it attracts, but these higher levels of business unity are not significantly different than the energy sector. These similarities between finance and energy might be due to the similar kinds of 'infrastructural goods' that they provide to the rest of business. While this line of inquiry warrants further research and cannot be examined in detail here due to space constraints, it is noteworthy that the telecommunications industry also shares similar infrastructural characteristics and yet this sector's regulation is not associated with comparable levels of business unity.

Section 5: Exploring the Sources of Finance's Unique Business Unity

If financial regulation is associated with more business unity than other regulated sectors, why might this be so? While providing a systematic answer to this question remains outside of the scope of this paper, the cross-sectoral component of our research strategy gives us analytical leverage that we can use to probe this question by comparing some of the properties that differentiate finance from other sectors. Drawing from the literature discussed above in Section 2, we explore two hypotheses explaining the unique business unity of finance in terms of (1) its economic importance in the economy, (2) its role in providing a key infrastructural good to other businesses, that is, credit.

We first explore the notion that finance's high business unity might be explained by the greater economic importance that the financial sector has come to play in the context of

contemporary capitalist economies. To do so we consulted indicators of the economic importance of different sectors from the OECD Structural Analysis of National Economies (STAN) data, which represent an internationally standardized metric. For each consultation in our sample we measured the sector's contribution to total value-added, to production, to wages and salaries, and to employment for the year in which the regulation was proposed.[11] We use these data to assess whether the economic importance of finance is driving its higher levels of business unity in comparison with other sectors. Table 2 below shows the fractional logit regressions run with the same variety of controls as above but with the different indicators economic importance substituting in for the finance being regulated variable.[12] These results suggest that some indicators of economic importance – in particular value added and production can explain variation in business unity across sectors relatively well. Compensation and employment indicators of economic importance do not, however.

Table 2: Regression Results for Analysis of Economic Importance Indicators and Business Solidarity

	(1) Business Solidarity	(2) Business Solidarity	(3) Business Solidarity	(4) Business Solidarity	(5) Business Solidarity
Contribution to Value Added	11.06**				
	(4.433)				
Contribution to Production		11.93**			13.16***
		(5.007)			(4.685)
Contribution to Compensation			0.139		
			(0.127)		
Contribution to Employment				0.0357	
				(0.118)	
Combined Economic Importance Factor					
Complexity of Regulation					
Salience	0.0468	-0.0764	0.345	0.219	-0.190
	(0.257)	(0.274)	(0.272)	(0.257)	(0.318)
Venue	-0.202	-0.142	-0.317	-0.340	-0.156
	(0.225)	(0.253)	(0.268)	(0.246)	(0.289)
Restricted Audience	0.239	0.310	0.137	0.359	0.200
	(0.337)	(0.384)	(0.357)	(0.366)	(0.396)
Policy Stage	-0.142	-0.174	-0.143	-0.237	-0.171
	(0.201)	(0.208)	(0.214)	(0.203)	(0.215)
Constant	-1.877***	-1.760***	-0.587	-0.846*	-0.565
	(0.313)	(0.405)	(0.462)	(0.490)	(0.399)
Observations	265	252	203	244	252
Country Dummies	YES	YES	YES	YES	YES
Year Dummies	NO	NO	NO	NO	YES

Standard errors in parentheses, * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

These results suggest strong but conditional support for the economic importance hypothesis. A sector's contribution to total value added and, even more so, to production, is positively and significantly statistically associated with its associated level of business unity, controlling for other relevant confounders. These findings are also commensurate with the finding mentioned above

[11] Data for recent years was unavailable. Most series are available only until 2009, though this did not vary across sectors. In each case we took the most recent preceding year of the regulatory consultation in question.

[12] We excluded the technical complexity variable since variance inflation checks revealed that it generated high multicollinearity. Our results are not material to this exclusion.

that the energy sector, like finance, also enjoys higher levels of business unity. A sector's contribution to total compensation or to employment is less strongly associated with business unity. Figure 7 below helps to illustrate these patterns.

Figure 7: Predicted Probabilities of Different Economic Importance Variables on Business Unity

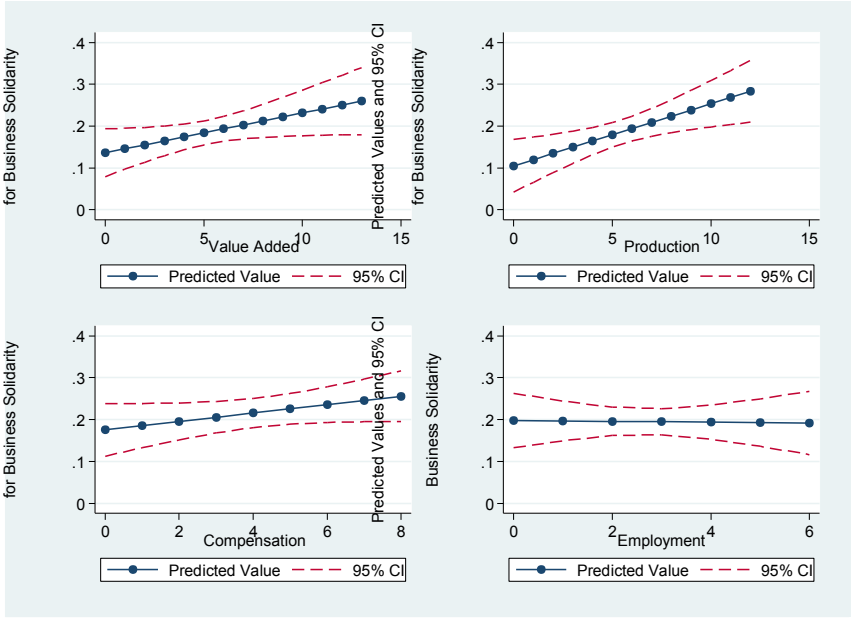
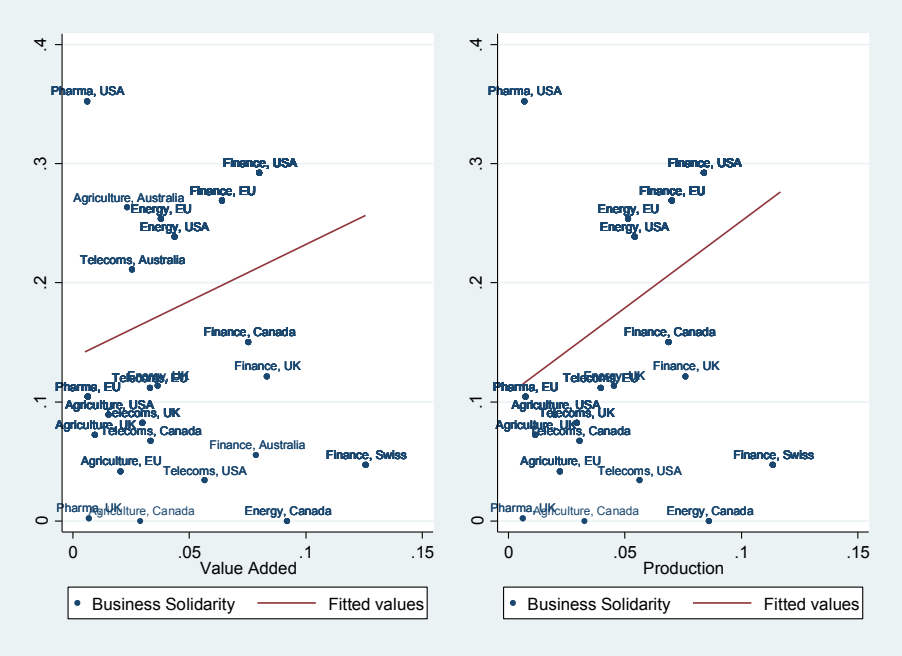


Figure 8 below breaks these data down for value added and production indicators for each of the different jurisdictions in the study. While we urge caution at the interpretation of these results, since some jurisdiction-sector combinations have only a few sampled data points, the results suggest that while there is significant variation across jurisdictions, the economic importance hypothesis is nevertheless supported in terms of general trends. The strong relationship between of economic importance and whether the sector is finance or not is difficult to parse out, and outliers such as Swiss finance (with low business unity) and US pharmaceuticals (with high business unity) suggest grounds for further research to hone in on these relationships. These findings also show support for our earlier finding regarding the relatively higher levels of business unity when the energy sector is targeted for regulation compared to other sectors – in particular for within the EU and the US jurisdictions.

Figure 8 – Business Unity and Sectoral Contribution to Total Value-Added, Production Across Different Jurisdictions



As argued in Section 2, the centrality of a sector can also be understood from the kind of functional role it performs in the context of the broader business community. A wide array of comparative political economy literature suggests that the structure of the financial system and the channels through which credit intermediation occurs varies significantly in different institutional contexts (Zysman, 1983). In order to investigate further the extent to which the provision of credit drives the unique business unity characterizing finance, we exploit differences *within* finance across different jurisdictions. A key difference here can be found in the differences in the funding of non-financial companies between United States and Europe. In Continental Europe and to a lesser extent in the UK banking institutions occupy a significantly larger role in the provision of debt financing to corporates as well as in the provision of overall credit to the economy than in the US where other financial intermediaries in the capital markets are relatively more important (HM Treasury, 2010; Roxburgh et al., 2009). For instance, in 2011 reliance on bank credit comprised only 13% of non-financial companies external funding in the US, vis-à-vis 50% in Germany, 30% in France, and 27% in the UK (Howarth & Quaglia, 2013, p. 342).

From this perspective we might expect levels of business unity associated with the regulation of the banking industry to be higher in the EU than in the US due to its relatively greater importance in the provision of credit to the economy, especially in continental Europe. On the other hand, we would expect regulatory consultations associated with the regulation of financial industries directly involved in the securities markets, institutional investors, private equity and thus securities clearinghouses to attract higher business unity in the US than is the case for the EU.

Figure 9 tests this by plotting configurations of business unity for all regulatory consultations that targeted banks (on the left) and securities markets, institutional investors, private equity and thus securities clearinghouses and exchanges (on the right) in the EU and the

US. There is no clear difference in the distribution in the data – a point emphasized by the circle (EU) and triangle (US), which represent the average levels of business unity in the two jurisdictions. Figure 10 then shows the distribution of the business unity variable across these different configurations, to help clarify the degree of difference in aggregate terms, by showing the distribution of business unity under these configurations as well as simple means.

Figure 9 – Configuration of Business Unity on Banking (left) and Equity Financing (right)

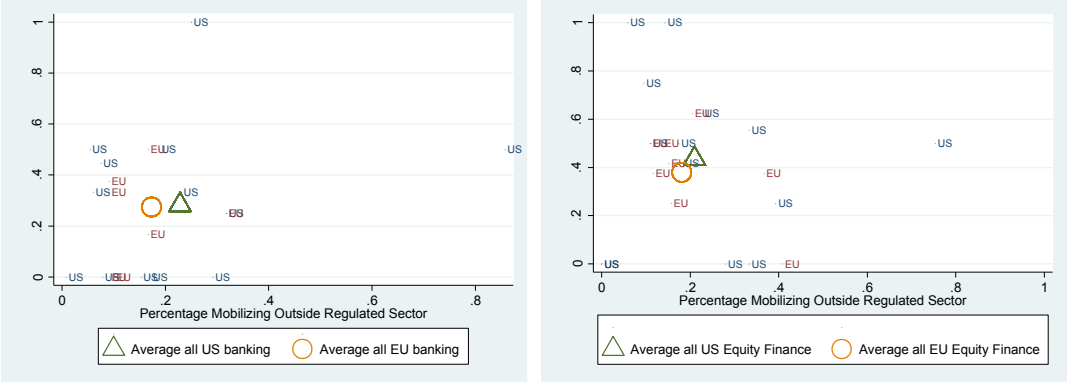
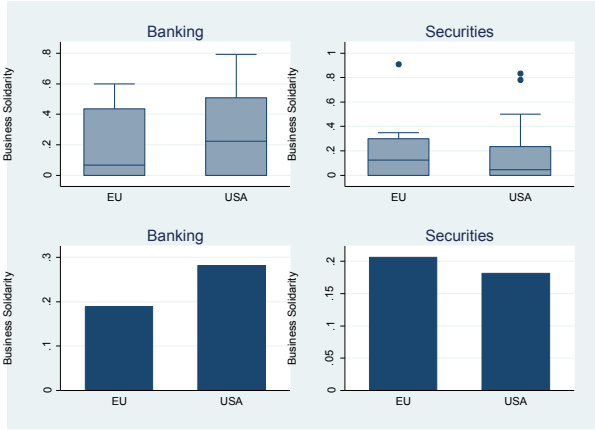


Figure 10: Levels of Business Unity for EU and US Regulatory Consultations where Banking and Securities Industries are Regulated



Surprisingly, our findings suggest evidence against the notion that the institutional embeddedness of credit provision makes a significant difference to business unity. One potential explanation may be the fact that our comparison between the US and Europe masks the fact that the latter is formed by competing "varieties of capitalism" (Hall & Soskice, 2001). In particular, the difference between 'coordinated market economies', such as Germany or France and 'liberal market economies' such as the UK and Ireland extends beyond the provision of credit and involves a multitude of institutional complementarities between the financial system and the rest of the business community (Fioretos, 2010). One alternative explanation for this is that

institutional differences in the importance of bank credit have converged, as suggested by the 'market-based banking' thesis by Howarth and Hardie (2013), and banks are key actors also in the corporate bond markets (Ryan, 2014). While further research might explore this in more detail, our data do not allow us to do focused comparisons along the CME-LME continuum, since as noted above in Section 2 our country-level data is derived from Anglo-American economies and Switzerland.

Conclusion

Despite the absolute centrality of organized business within contemporary regulatory politics, there is much we still do not understand about how business operates as a policy-shaping force. While recent scholarship has derived a variety of explanations for business conflict, explaining business unity is much less well developed, in particular under the conditions of contemporary regulatory governance, where policy interventions are very detailed and sector-specific. In the paper we empirically assessed levels of 'business unity' across different regulated sectors.

We posited a hypothesis that has been embedded within political economy literature for nearly a century but has not been systematically tested in the context of regulatory policy: the notion that the financial sector is special because of the support it receives from other actors within the broader business community. We subjected this 'financial capital unity' hypothesis to a series of empirical tests using new data that allow us to make broad but meaningful comparisons across different regulated sectors of the economy. Our data suggests that financial sector regulation is associated with consistently higher levels of business unity than other sectors. The notable auxiliary finding in our study is that there exist similar (though not as high) levels of business unity when the energy sector is targeted for regulation. Our findings persist across different jurisdictions, even when controlling for a wide range of factors suggested in the literature to affect interest group mobilization.

While our focus was on *whether* the financial sector is unique, our data did allow us to offer some preliminary analysis of *why* the financial sector might have higher levels of business unity. Our findings suggest mixed evidence for the hypothesis that variation in business unity across sectors is associated with greater economic importance of that sector. While the economic importance of finance can explain why that sector enjoys greater business unity than other sectors, when we probe into variation *within* financial sectors this explanation no longer holds well. When we turned to explanations based on the role of different financial industries in the provision of credit to the rest of the economy, the relative importance of banking and securities markets in channeling credits in the EU and US fell short of explaining patterns of business unity in our data.

Our findings speak to important differences in the socio-political context of different economic sectors – differences which do not appear to be reducible to jurisdictional context

alone. While much recent comparative political economy is focused on country comparisons, the institutions and social processes of relevance do not always differ neatly by country. Our findings point to the importance of sectoral differences – recalling earlier work in comparative political economy which considered this axis of variation just as relevant (see Hollingsworth & Streeck, 1994). Our analysis of why regulations targeting finance attracts higher business unity than other sectors should not be regarded as an exhaustive treatment of this issue but rather simply a first step. Because of the limited cross-national variation in our study and the focus primarily on highly financialized Anglo-American economies, we are simply not able to tell whether the support for the 'finance capital unity' hypothesis extends beyond those institutional contexts. Further research seeking to probe further the question of business unity should draw from the valuable insight of comparative political economy studies and expand the analysis to also include other institutional contexts should comparative data become available in the future.

There are further possibilities that scholars seeking to probe the origins of the unique cross-sectoral business unity of finance may explore in the future. First, while this paper has focused on the economic determinants of business unity across sectors, further studies may investigate the possible role of non-economic drivers, such as social network ties through interlocking directorates or common membership in business associations linking firms in different sectors (Mizruchi, 2013). Stronger corporate social ties across sectors in finance and energy might explain the relative similarities between these sectors as opposed to others. Second, as we noted above the financialization literature in particular points to reasons why non-financial corporates are beginning to converge with respect to their business models with financial firms. Further studies might look more in depth to the particular business models of those firms that engage in solidaristic behavior, and probe whether or not the "financialization of non-financial corporations" (Krippner, 2012) can help explain the business unity associated with financial regulatory policies.

Our findings have implications for how we think about the process of financial industry advocacy and to illuminate characteristics of financial industry power. A variety of recent qualitative case studies of financial regulatory policymaking have demonstrated the critical importance of cross-sectoral coalitions in affecting the financial sectors' capacity to obtain their desired regulatory objectives (Clapp & Helleiner, 2012; Helleiner & Thistlethwaite, 2013; Kastner, 2014; Pagliari & Young, 2014). The present study contributes to and complements these findings by demonstrating how financial firms enjoy greater support from other firms in the business community than other sectors do. Different authors have theorized how the process of "financialization" has increased the "structural power" of the financial industry (Baker, 2010; P. D. Culpepper & Reinke, 2014). Our analysis has implications for this scholarship by illustrating a plausible mechanism through which the heightened economic importance of the financial sector translates into an important form of social power within the business community. While our analysis did not examine regulatory policy outcomes, researchers interested understanding the sources of financial industry power may explore the extent to which the unity that the financial

industry receives from the rest of the business community can explain the continued successful reproduction of the its political weight.

Works Cited

Baker, A. (2010). Restraining regulatory capture? Anglo- America, crisis politics and trajectories of change in global financial governance. *International Affairs*, *86*(3), 647–663.

Baud, C., & Durand, C. (2012). Financialization, globalization and the making of profits by leading retailers. *Socio-Economic Review*, *10*, 241–266. doi:10.1093/ser/mwr016

Baum, C. (2008). Modelling Proportions. *Stata Journal*, *2*, 299–303.

Binderkrantz, A. S., Christiansen, P. M., & Pedersen, H. H. (2014). Interest Group Access to the Bureaucracy, Parliament, and the Media. *Governance*, n/a–n/a. doi:10.1111/gove.12089

Blochl, F., Fisher, E. O., & Theis, F. (2010). Which sectors of a modern economy are most central?

Broscheid, A., & Coen, D. (2007). Lobbying activity and fora creation in the EU: empirically exploring the nature of the policy good. *Journal of European Public Policy*, *14*(3), 346–365. doi:10.1080/13501760701243749

Broz, J. L. (1999). Origins of the Federal Reserve System: International Incentives and the Domestic Free-Rider Problem. *International Organization*, *53*(1), 39–70.

Cerny, P. (1994). The Infrastructure of the Infrastructure? Toward "Embedded Financial Orthodoxy" in the International Political Economy. In R. P. Palan & B. Gills (Eds.), *Transcending the State-Global Divide: A Neostructuralist Agenda in International Relations* (pp. 223–49). Boulder, Co.: Lynne Reinner.

Chalmers, A. W. (2014). In over their heads: Public consultation, administrative capacity and legislative duration in the European Union. *European Union Politics*. doi:10.1177/1465116514529849

Chalmers, A. W. (2015). Financial industry mobilisation and securities markets regulation in Europe. *European Journal of Political Research*, n/a–n/a. doi:10.1111/1475-6765.12099

Clapp, J. (2003). Transnational Corporate Interests and Global Environmental Governance: Negotiating Rules for Agricultural Biotechnology and Chemicals. *Environmental Politics*, *12*(4), 1–23. doi:10.1080/0964401041233130835 4

Clapp, J., & Helleiner, E. (2012). Troubled Futures? The Global Food Crisis and the Politics of Agricultural Derivatives Regulation. *Review of International Political Economy*, *19*(2).

Collins, P., Corley, P., & Hamner, J. (2014). The Influence of Amicus Curiae Briefs on US Supreme Court Opinion Content. *Unpublished Manuscript*.

Culpepper, P. (2011). *Quiet Politics and Business Power: Corporate Control in Europe and Japan*. Cambridge: Cambridge University Press.

Culpepper, P. D., & Reinke, R. (2014). Structural Power and Bank Bailouts in the United Kingdom and the United States. *Politics & Society*, *42*(4), 427–454. doi:10.1177/0032329214547342

Epstein, G., & Jayadev, A. (2005). The Determinants of Rentier Incomes in OECD Countries: Monetary Policy, Financial Liberalization, and Labor Solidarity. In G. Epstein (Ed.), *Financialization of the World Economy*. Northampton, MA: Edward Elgar.

Epstein, L., & Segal, J. A. (2000). Measuring Issue Salience. *American Journal of Political Science*, *44*(January), 66–83.

Falkner, R. (2007). *Business Power and Conflict in International Environmental Politics*. London: Palgrave.

Falkner, R. (2012). Business power, business conflict: a neo-pluralist perspective on international environmental politics. In *Handbook of global Environmental Politics*. Edward Elgar Publishing.

Fioretos, O. (2010). Capitalist diversity and the international regulation of hedge funds. *Review of International Political Economy*, *17*(4), 696–723.

Frieden, J. A. (1988). Sectoral Conflict and Foreign Economic Policy, 1914-1940 . *International Organization*, *42*(1), 59–90.

Fuchs, D. (2007). *Business Power and Global Governance*. Boulder and London: Lynne Rienner.

Furlong, S. R., & Kerwin, C. M. (2005). Interest Group Participation in Rule Making: A Decade of Change. *Journal of Public Administration Research and Theory*, *15*(3), 353–370.

Gill, S. (1990). *American Hegemony and the Trilateral Commission*. Cambridge: Cambridge University Press.

Gormley, W. T. (1986). Regulatory Issue Networks in a Federal System. *Polity*, *18*, 595–620.

Graz, J.-C. (2003). How Powerful are Transnational Elite Clubs? The Social Myth of the World Economic Forum. *New Political Economy*, *8*(3).

Hall, P., & Soskice, D. (2001). Varieties of Capitalism: the Institutional Foundations of Comparative Advantage. Oxford: Oxford University Press.

Hardie, I., & Howarth, D. (2013). *Market-Based Banking and the International Financial Crisis* (Oxford Uni.). Oxford.

Helleiner, E., & Thistlethwaite, J. (2013). Subprime catalyst: Financial regulatory reform and the strengthening of US carbon market governance. *Regulation & Governance*, *7*(4), 496–511. doi:10.1111/j.1748-5991.2012.01136.x

Hilferding, R. (1910). *Finance Capital: A Study of the Latest Phase of Capitalist Development (Das Finanzkapital. Eine Studie über die jüngste Entwicklung des Kapitalismus)*. Vienna: Wiener Volksbuchhandlung.

HM Treasury. (2010). Discussion Paper on Non-Bank Lending. Retrieved from http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/d/non_bank_lending_discussionpaper.pdf

Hollingsworth, R., & Streeck, W. (1994). Countries and Sectors: Concluding Remarks on Performance, Convergence and Competitiveness. In R. Hollingsworth, P. C. Schmitter, & W. Streeck (Eds.), *Governing Capitalist Economies: Performance and Control of Economic Sectors* (pp. 270–300). Oxford: Oxford University Press.

Howarth, D., & Quaglia, L. (2013). Banking on Stability : The Political Economy of New Capital Requirements in the European Union. *Journal of European Integration*, (May), 37–41.

Humphrey, D. B. (1990). *The U.S. Payments System: Efficiency, Risk, and the Role of the Federal Reserve*. Boston: Kluwer Academic.

Kastner, L. (2014). "Much ado about nothing?" Transnational civil society, consumer protection and financial regulatory reform. *Review of International Political Economy*, *0*(0), 1–33. doi:10.1080/09692290.2013.870084

Kluver, H. (2009). Measuring Interest Group Influence Using Quantitative Text Analysis. *European Union Politics*, *10*(4), 535–549. doi:10.1177/1465116509346782

Krippner, G. R. (2012). *Capitalizing on Crisis: the Political Origins of the Rise of Finance. Ha*. Cambridge, MA: Harvard University Press.

Lall, R. (2012). From failure to failure: The politics of international banking regulation. *Review of International Political Economy*, *19*(4), 609–638. doi:10.1080/09692290.2011.603669

Lazonick, W., & O'Sullivan, M. (2000). Maximizing shareholder value: a new ideology for corporate governance. *Economy and Society*, *29*(1), 13–35. doi:10.1080/030851400360541

Lenin, V. I. (1917). *Imperialism, the Highest Stage of Capitalism*.

Levi-Faur, D. (2000). The rise of the competition state: Regulatory reforms in the UK and the US. *Current Politics and Economic in Europe*, *9*(4), 427–455.

Levi-Faur, D. (2005). The Global Diffusion of Regulatory Capitalism. *The ANNALS of the American Academy of Political and Social Science*. doi:10.1177/0002716204272371

Lin, K.-H., & Tomaskovic-Devey, D. 2013. (2013). Financialization and US Income Inequality, 1970-2008. *American Journal of Sociology*, *118*(5), 1284–1329.

Lindblom, C. E. (1977). *Politics and markets : the world's political and economic systems*. New York: Basic Books.

Lowery, D. (2005). Sisyphus Meets the Borg: Economic Scale and Inequalities in Interest Representation. *Journal of Theoretical Politics*, *17*(1), 41–74. doi:10.1177/0951629805047798

Mahoney, C. (2008). *Brussels Versus the Beltway: Advocacy in the United States and the European Union* . Georgetown University Press.

Majone, G. (1997). From the Positive to the Regulatory State: Causes and Consequences of Changes in the Mode of Governance. *Journal of Public Policy*. doi:10.1017/S0143814X00003524

McKay, A. M. (2010). The decision to lobby bureaucrats. *Public Choice*, *147*(1-2), 123–138. doi:10.1007/s11127-010-9607-8

Miliband, R. (1969). *The state in capitalist society*. Basic Books.

Mills, C. W. (1956). *The Power Elite*. Oxford University Press.

Mizruchi, M. S. (2013). The Fracturing of the American Corporate Elite. Cambridge, MA: Harvard University Press.

Nixon, D. C., Howard, R. M., & DeWitt, J. R. (2002). With Friends Like These: Rule-Making Comment Submissions to the Securities and Exchange Commission. *Journal of Public Administration Research and Theory*, *12*(1), 59–76. doi:10.1093/oxfordjournals.jpart.a003524

Owens, R. J., & Wedeking, J. P. (2011). Justices and Legal Clarity: Analyzing the Complexity of U.S. Supreme Court Opinions. *Law & Society Review*, *45*(4), 1027–1061.

Pagliari, S., & Young, K. L. (2014). Leveraged interests: Financial industry power and the role of private sector coalitions. *Review of International Political Economy*, *21*(3), 575–610. doi:10.1080/09692290.2013.819811

Papke, L. E., & Wooldridge, J. M. (1996). Econometric methods for fractional response variables with an application to 401(k) plan participation rates. *Journal of Applied Econometrics*, *11*(6), 619–632. doi:10.1002/(SICI)1099-1255(199611)11:6<619::AID-JAE418>3.0.CO;2-1

Perry, J., Nolke, A., & Nölke, A. (2006). The political economy of International Accounting Standards. *Review of International Political Economy*, *13*(4), 559–586. doi:10.1080/09692290600839790

Posner, E. (2009). Making Rules for Global Finance: Transatlantic Regulatory Cooperation at the Turn of the Millennium. *International Organization*, *63*(4), 665–699.

Rasmussen, A., & Carroll, B. J. (2013). Determinants of Upper-Class Dominance in the Heavenly Chorus: Lessons from European Union Online Consultations. *British Journal of Political Science*, *44*(02), 445–459. doi:10.1017/S0007123412000750

Roemer-Mahler, A. (2013). Business conflict and global politics: The pharmaceutical industry and the global protection of intellectual property rights. *Review of International Political Economy*, *20*(1), 121–152. doi:10.1080/09692290.2011.645848

Rogowski, R. (1990). *Commerce and Coalitions: How Trade Affects Domestic Political Alignments*. Princeton, NJ: Princeton University Press.

Roxburgh, C., Lund, S., Atkins, C., Belot, S., Hu, W. W., & Pierce, M. S. (2009). *Global capital markets: Entering a new era*.

Ryan, P. J. (2014). Is Wall Street Really Winning the Financial Reform War ? Assessing the Influence of Large U . S . Banks (pp. 1–36).

Schumpeter, J. (1934). *The Theory of Economic Development*. New York: Transaction Publishers.

Seabrooke, L., & Tsingou, E. (2009). Revolving Doors and Linked Ecologies in the World Economy:Policy Locations and the Practice of International Financial Reform. *CSGR Working Paper*, *260/09* .

Spillman, L. (2012). *Solidarity in Strategy: Making Business Meaningful in American Trade Associations*. Chicago: University of Chicago Press.

Stockhammer, E. (2004). Financialization and the Slowdown of Accumulation. *Cambridge. Journal of Economics*, *28*(5), 719–741. doi:10.1093/cje/beh032

Van der Pijl, K. (1998). *Transnational Classes and International Relations*. Routledge.

Yackee, J. W., & Yackee, S. W. (2006). A Bias Towards Business? Assessing Interest Group Influence on the U.S. Bureaucracy. *The Journal of Politics*, *68*(01), 128–139. doi:10.1111/j.1468-2508.2006.00375.x

Young, K. (2012). Transnational regulatory capture? An empirical examination of the transnational lobbying of the Basel Committee on Banking Supervision. *Review of International Political Economy*, *19*(4), 663–688.

Zysman, J. (1983). *Governments, Markets and Growth: Finance and the Politics of Industrial Change*. Ithaca, NY: Cornell University Press.

Appendix

Table 3: List of Regulatory Institutions in the Dataset

Institution	Country
Canadian Ad Hoc Working Group of Provincial Securities Administrators	Canada
Agricultural Marketing Service	US
Bureau of Land Management	US
Commodity Credit Corporation	US
Commodity Futures Trading Commission	US
Communications and Media Authority	Australia
Canadian Competition Bureau	Canada
Conference of European Securities Regulators European Banking Authority	EU
Consumer Financial Protection Bureau	US
Consumer Financial Protection Bureau	US
Council of European Energy Regulators	EU
Canadian Council of Insurance Regulation	Canada
Depaartment of the Environment	Australia
Department of Agriculture, Fisheries and Forestry	Australia
Department of Energy and Climate Change	UK
Department of Health	UK
Department of Sustainability, Environment, Water, Population and Communities	Australia
Environmental Protection Agency	
European Commission DG Agriculture and Rural Development	EU
European Commission DG Competition	EU
European Commission DG Energy	EU
European Commission DG Enterprise and Industry	EU
European Commission DG Fisheries	EU
European Commission DG General Taxation and Customs	EU
European Commission DG Health and Consumers	EU
European Commission DG Information Society	EU
European Commission DG Internal Market	EU
European Commission Radio Policy Spectrum Group	EU
European Commission Special Task force on Media and Publishing	EU
European Securities and Markets Authority	EU
Federal Deposit Insurance Corporation	US
Federal Energy Regulatory Commission	US
Federal Housing Finance Agency	US
Federal Oceanic and Atmospheric Administration	US
Federal Reserve SystemBoard	US
Financial Market Supervisory Authority	Switzerland
Financial Stability and Oversight Council	US
Food and Drug Administration	US
Food Safety and Inspection Service	US
Food Standards Agency	UK
Grain Inspection Packers and Stockyards Administration	US
Health Canada	Canada
House of Lords Committee on Energy and Commerce	UK
House of Lords European Union Committee	UK
House of Lords Science and Technology Committee	UK
Housing and Urban Development	US

Industry Canada	Canada
Canadian National Energy Board	Canada
Northern Ireland Food Standards Agency	UK
Office of the Comptroller of the Currency	US
Office of the Treasury	Australia
Office of Thrift Supervision	US
Canadian Provincial Securities Regulators	Canada
Rural Business Cooperative Service	US
Scottish Food Standards Agency	UK
Security and Exchange Commission	US
Small Business Administration	US

Figure 11: Distribution of Policy Consultations Coded Across Jurisdictions